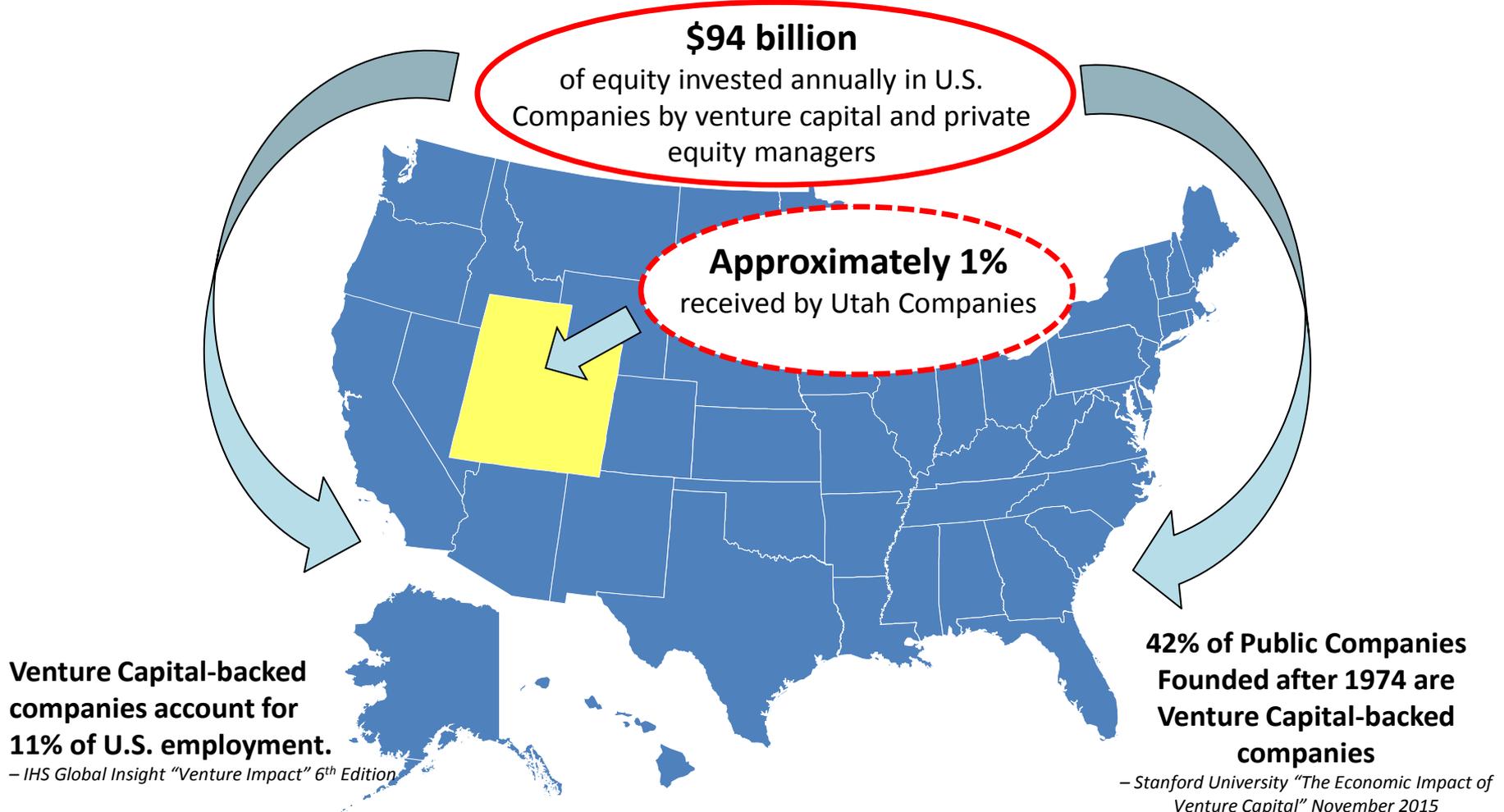


Utah Capital Investment Corporation

July 2017 Updates



▶ Utah Capital Helps Attract Private Investments to Create Jobs



Utah Capital’s activities increase investments in Utah, which lead to job creation

Sources: Investment numbers from Thomson Reuters using averages of reported equity values reported from January 1, 2012 through December 31, 2016. Other sources used include IHS Global Insight and National Venture Capital Association, “Venture Impact: The Economic Importance of Venture Capital-Backed Companies to the U.S. Economy”

▶ Venture Capital and Private Equity Build Jobs

STANFORD
BUSINESS

Insights by Stanfo

Finance, Innovation, Entrepre

How Much Do the U.S. Econo

Two scholars measure
companies.

October 21, 2015 | by Ilya A. St

494 1.6k



Venture capital has become a dominant
Reuters/Carlo Allegri

Over the past 30 years,
the financing of innovati

Ewing Marion
KAUFFMAN
Foundation

GROWTH

HOME ABOUT MEET THE AUTHOR

Job Creation & the Economy: 5 Ways to Foster C

Job Creation & t Foster Growth

By Emily Fetsch and Chris Jackson

07/28/15

E.J. Reedy, director of Research and Policy
of Representatives regarding the role of ent

Reedy discussed entrepreneurship and its r
"New Entrepreneurial Growth Agenda." The



Utah
Business

News - Even



Report: Utah Short on Qualified Workers, Wage Increase and Training Programs Could Help

ARTICLES . CONSTRUCTION . ECONOMY . EDUCATION . TECHNOLOGY .
WOMEN & MINORITIES . WORKFORCE

Lisa Christensen May 3, 2017

West Valley City—Utah's incredibly low unemployment rate has a dark side: companies, especially those in skilled trades, are having a tough time filling open positions.

The problem is a complex one, but the bottom line is that multiple organizations need to work together to solve it in order for Utah to keep thriving, according to a new report from the Utah Foundation.

Utah's unemployment rate is extremely low—3.3 percent—and its underutilization rate is also far below the long-term average, at about 7 percent, said Christopher Collard, a research analyst with the Utah Foundation and the author of the report "Help Wanted: Workforce Participation, Wages, Job Desirability and Skills Gaps." Meanwhile, he said, companies have openings that are sitting vacant.

"Companies can either recruit outside the state—the government could help by offering tax breaks for relocation incentive packages," he said. "The other option is to aim to increase Utah's labor force participation rate. ... There is potential for companies to entice people to come back to work."

"Utah's unemployment rate is extremely low – 3.3% ..."

"Utah's earning and wages have been pretty stagnant ..."

► Other State Programs

Programs with Recent Initiatives:

Illinois – Growth & Innovation Fund (2011) – \$220 m (state investment portfolio) – announced January 2016

Connecticut – \$145 million fund of funds program (part of retirement system) – announced May 2015

Wisconsin – State committed \$25 m to Badger Fund of Funds – legislation passed 2013

Tax Credit-backed Programs:

Colorado – High Country Venture – two funds (\$20-\$25 m) – tax credits sold to insurance companies

Iowa – Iowa Fund of Funds (2002) – \$57 mm tax credits issued; \$25 mm committed

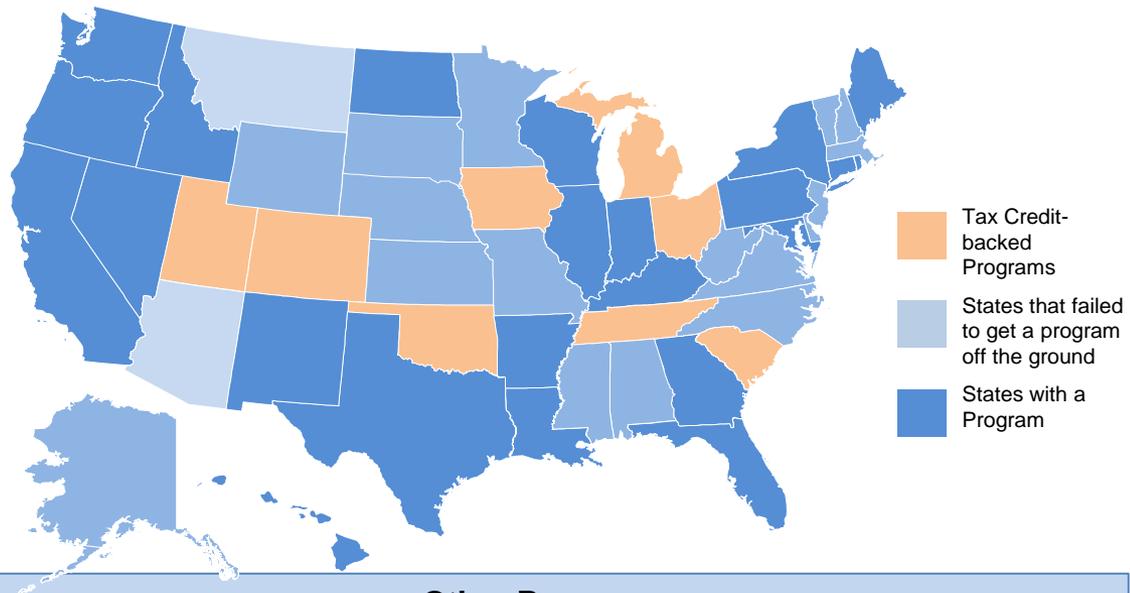
Michigan – Venture Michigan Fund (2006; 2011) – two fund of funds (\$95-\$120) – state provides outside investors with \$200 m of tax credits

Ohio – Ohio Capital Fund (2005) -- \$133 m (refinanced with bonds)

Oklahoma -- Oklahoma Capital Investment Board (1994; 2005) -- \$100 m tax credits

South Carolina – InvestSC -- \$50 m (loan)

Tennessee – TNInvestco Program (2009) – \$200 m in tax credits (sold to insurance companies)



Other Programs:

California – CalPERS ‘California Initiative’ (2001) – invested \$1 billion since inception

Colorado – Mile High Fund – \$50 m co-investment fund (pension)

Florida – Growth Fund (2009) – \$740 m under management (fund and co-investments)

Indiana – Next Level Indiana Fund (2017) - \$250 m (state investment portfolio)

Oregon – Oregon Investment Fund (2005) -- \$158 m (ORPERF)

Michigan – Michigan Renaissance Fund (2008) -- \$123 m (corporate investors); launched 2nd fund 2017

Nevada – Silver State Opportunity Fund (2013) – \$50 m (Permanent Fund)

New Mexico – New Mexico State Investment Council – \$380 m (Severance Fund)

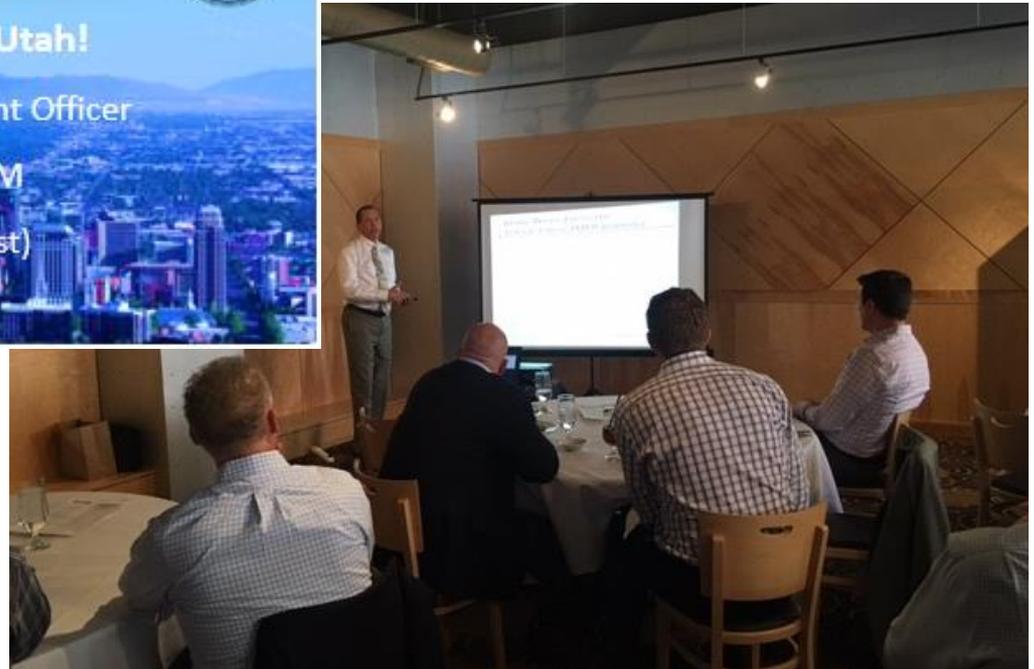
Ohio – Cintrifuse Fund I (2012) - \$57 m, Cintrifuse Fund II - \$50 m (corporate investors)

▶ Legislative (HB 411) Requirements:

- The Utah fund of funds shall be organized:
 - ❖ as a limited partnership or limited liability company under Utah law having the corporation and **qualified investment professionals as the general partner or manager (Jepsen)**
- The positive impact on economic development in the state that is related to the **fund's investments** or the success of the corporation's **economic development plan** in the state, including:
 - ❖ encouraging ... wide variety of venture capital
 - ❖ strengthening the state's economy
 - ❖ helping businesses access capital
 - ❖ helping build a significant, permanent source of capital
 - ❖ creating benefits ... while minimizing the use of continent tax credits
- The corporation shall:
 - ❖ select an **investment fund allocation manager (Pavilion)**
 - ❖ publish on or before Sept 1 an annual report
 - ❖ engage consultants and legal counsel; expend funds; invest funds; issue debt and equity, and borrow funds; enter intro contracts; insure against loss; hire employees; and perform any other act necessary to carry out its purposes

▶ Economic Development - Lunch with LACERA

- Low cost way for Utah-based funds to connect with a large \$50 b investor (3rd largest pension in CA)
- Education session – LACERA provided materials to help Utah-based funds with integration planning
- All Utah-based investment firms attended



▶ Targeted Economic Development Events Working

- Approximately \$8 mm has been invested into Utah (as of 12/31/15) as a result of Utah Capital *recent* activities (\$0 current, expected cost to Utah)
- In addition to investments, associated job creation, consulting sessions and promotions, Utah Capital has assisted with the following examples between 2014 and 2017:

Event	Description	Results (as of 12/31/15)
Sessions @ The Leonardo	Company A attended, asked for VC introductions	\$2 mm investment from CA-based venture fund
UDAS	Organized data analytics event and panel that included several successful venture capital investors	Unknown direct value – 245 people attended (35 developers, 36 entrepreneurs, 51 executives, 29 investors, 20 marketers, 74 students & professors)
Governor's Economic Summit	Organized VC panel that included top NY, SF-based venture funds	Unknown direct value – estimate 100 professionals and students attended
Silicon Slopes 2015	Secured 2 premier CA-based investors for investor panel	Unknown direct value – estimate 100 professionals and students attended
Private Equity fund located in Utah	Utilized unique fund knowledge to assist with several sophisticated institutional investors	\$50 mm commitment from sovereign wealth fund
Venture Capital fund located in Utah	Utilized unique fund knowledge to assist with SFERS, LACERA, Others	\$25 mm commitment from large public pension
Silicon Slopes 2017	Secured TA Associates for private equity panel	Unknown direct value, very positive feedback, standing room only, estimate 200 professionals and students attended
Institutional investor lunch	Organized Utah-based fund event	Unknown currently – <u>all</u> Utah-based investors attended
Venture Capital fund located in Utah	Utilized unique knowledge to assist with large institutional investor	Unknown currently – assigning internal VC sponsor

Audit + Annual Report (9/16)

utah capital
INVESTMENT
Annual Report for 2015

Prepared in accordance with the requirements of §63M-1-1206 (6) of the Utah Venture Capital Enhancement Act

PORTFOLIO PERFORMANCE

- 3.7% net internal rate of return including financing and administrative costs since fund inception
- 12.4% net internal rate of return including financing and administrative costs for the reporting period
- \$83.5 m investment distributions since fund inception
- \$114.7 m net asset value of Utah Capital portfolio funds
- No new investment commitments will be made under the current financing structure

ECONOMIC DEVELOPMENT

77 Utah companies received investment capital from Utah Capital portfolio funds since fund inception (30 companies no longer owned by Utah Capital fund managers)

6,526 New Utah jobs added by Utah companies since fund inception (1,356 jobs were reported as part-time jobs)

Economic Development

- 77 Utah companies received investment capital from Utah Capital portfolio funds since fund inception (30 companies no longer owned by Utah Capital fund managers)
- 6,526 new Utah jobs added by Utah companies since fund inception (1,356 jobs were reported as part-time jobs)
- \$931 m invested in Utah companies by Utah Capital portfolio funds since fund inception
- \$18 m invested by Utah Capital in Utah companies
- 37 consulting sessions during reporting period
- 67 events promoting Utah's entrepreneurs and companies
- 11 community events supported during reporting period

Managing Director Jason Werlin (pictured above center) and TA Associates have been an integral part of the Utah Capital mission. Although Utah Capital has invested \$6.9 m in TA XI's \$4 b fund, their receptivity to events, availability for company introductions and investing activity in Utah¹ should be highlighted:

Employees from TA XI & XII investments in Utah over 1,700
TA XI investments in Utah over \$280 million²

STORAGECRAFT | digicert | CONSERVIVE | MAINTENANCE CONNECTION

We are excited to be a part of the ecosystem. Our hardware technology makes Utah a very attractive place to do business.

— Jason Werlin
Managing Director

The activities of Utah Capital continue to drive value for Utah. From the introductions Utah Capital has made since the inception of the 2015 post-performance legislation, \$8 m has been invested as of December 31, 2015 and reviewed by auditors. Utah Capital estimates an additional \$27 million of investments to occur over the next four years.

ADMINISTRATIVE COSTS

- \$817 k for the reporting period including:
 - \$402 k in total compensation paid to four employees
 - \$250 k investment allocation manager
 - \$154 k other (economic development, office, legal)
 - \$11 k business travel expense

Companies: digicert, EB eventboard, weboost, VENAFI, insidesales, HealthCatalyst, Sorenson Capital, EPIC, Peak Ventures

* Examples may or may not be specific to UF0F I, LLC

- Audited via “Agreed Upon Procedures”
- Portfolio Performance:

- ❖ 2.5% net IRR after all costs, including financing (as of 3/31/17, does not include economic development value below)

Economic Development

- ❖ Assisted with \$8 mm deployed into Utah as of 1/15 (additional \$27 expected over next 4 years)

▶ Appendix

- Economic Development Plan
- 2014 Audit & Annual Report
- Importance of Early-Stage Capital
- Impact of a Utah-based Fund Introduction, Events
- Management Background and Experience
- Board of Directors Background and Experience

▶ Economic Development Plan:

- Simple 2-page document:

Clear dual mission

Actionable items

- Create profitable investment portfolio

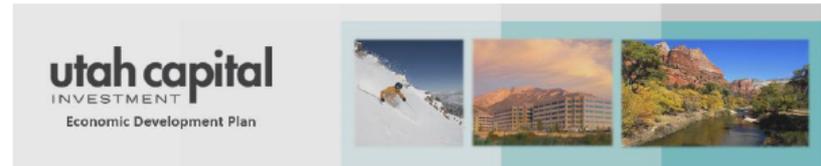
- Proactive and effective Utah economic development:

Impactful events

Company introductions

Local VC & PE firm introductions

Entrepreneurial meetings



Utah Capital was created by the Utah Legislature to help attract private sector investment capital into the State's growing entrepreneurial community. Utah Capital seeks to balance its dual mission of 1) mobilizing and enhancing venture capital investment in order to maximize direct economic impact to the State and 2) retaining a private-sector focus on rate of return and securing the best managers in the venture capital industry regardless of location.¹



INVESTMENTS	UTAH ENTREPRENEUR OUTREACH
<p>Goal: Partner with investment fund managers who help fuel Utah's economy by investing in growing Utah businesses. Utah Capital will utilize its investing relationships to introduce Utah's small and growing businesses to investors.</p> <p>Action Plan:</p> <p>Investments: Create a diversified portfolio of investment funds. Of particular focus will be managers that:</p> <ul style="list-style-type: none"> have experienced management and excellent investment track records; have made prior investments in Utah companies or have a history of reviewing Utah company investment opportunities; are focused on the Governor's Office of Economic Development targeted "industry clusters"²; commit to spend time in Utah and review Utah companies for investment; and have portfolio companies interested in relocating to Utah. <p>Relationship Building: Build relationships with investment managers that will help Utah's entrepreneurs and small businesses. In addition to its investing activities, Utah Capital will make a proactive effort to reach out to investment managers to develop relationships and share Utah companies. Proactive outreach can include:</p> <ul style="list-style-type: none"> attendance at fund annual meetings; Utah Capital investor meetings; and visits by Utah Capital staff to targeted geographies. 	<p>Goal: Educate Utah entrepreneurs about investment capital fundraising and facilitate introductions between Utah entrepreneurs and appropriate sources of investment capital.</p> <p>Action Plan:</p> <p>Consulting: Staff members will meet with Utah entrepreneurs and fund managers to provide insights into raising investment capital as well as key introductions from Utah Capital's established institutional networks.</p> <p>Events:³ Utah Capital will host events each year focused on helping Utah entrepreneurs and small businesses. Utah Capital will also regularly support and sponsor events and organizations focused on Utah economic development.</p> <p>Website: www.utahcap.com is visited by fund managers, entrepreneurs, and legislators. In addition to basic information about the fund and its management, the site also includes resources for entrepreneurs and information about Utah's attractive business climate for investors.</p> <p>Community Awareness Marketing: In addition to supporting community events, hosting Utah Capital events, and maintaining an informational website, Utah Capital will place ads in select Utah business publications and issue periodic press releases to help make the public more aware of Utah Capital's services.</p>

"Utah Capital is a key mechanism to help attract venture capital and private equity to our state."

– Governor Gary Herbert



utah capital
INVESTMENT

Business Growth Initiative, University Venture Summit, and Governors Economic Council.

utah capital
INVESTMENT

Audit + Annual Report (9/15)



Prepared in accordance with the requirements of §63M-1-1206 (6) of the Utah Venture Capital Enhancement Act

PORTFOLIO PERFORMANCE

- 2.4%** net internal rate of return including financing and administrative costs since fund inception
- 16.8%** net internal rate of return including financing and administrative costs for the reporting period
- \$63.7 m** investment distributions since fund inception
- \$113.1 m** net asset value of Utah Capital portfolio funds
- No new** investment commitments will be made under the current financing structure

ECONOMIC DEVELOPMENT

77

Utah companies received investment capital from Utah Capital portfolio funds since fund inception (30 companies no longer owned by Utah Capital fund managers)

5,073

New Utah jobs added by Utah companies since fund inception

— as of December 31, 2014 —

- ▶ \$908 k for the reporting period including:
 - ▶ \$466 k in total compensation paid to four employees
 - ▶ \$250 k investment allocation manager
 - ▶ \$173 k other (economic development, office, legal)
 - ▶ \$19 k business travel expense

* Detailed notes and explanations on back



ECONOMIC DEVELOPMENT

- ▶ 77 Utah companies received investment capital from Utah Capital portfolio funds since fund inception (30 companies no longer owned by Utah Capital fund managers)
- ▶ 5,073 new Utah jobs added by Utah companies since fund inception
- ▶ \$879 m invested in Utah companies by Utah Capital portfolio funds since fund inception
- ▶ \$17 m invested by Utah Capital in Utah companies
- ▶ 29 consulting sessions during reporting period
- ▶ 74 events promoting Utah's entrepreneurs and companies
- ▶ 17 community events supported during reporting period



The Utah Data Analytics Summit:

- ▶ 35 Developers
- ▶ 36 Entrepreneurs
- ▶ 51 Executives
- ▶ 29 Investors
- ▶ 20 Marketing, Sales, Finance, HR personnel
- ▶ 2 Vendors
- ▶ 72 Others (mainly students & professors)



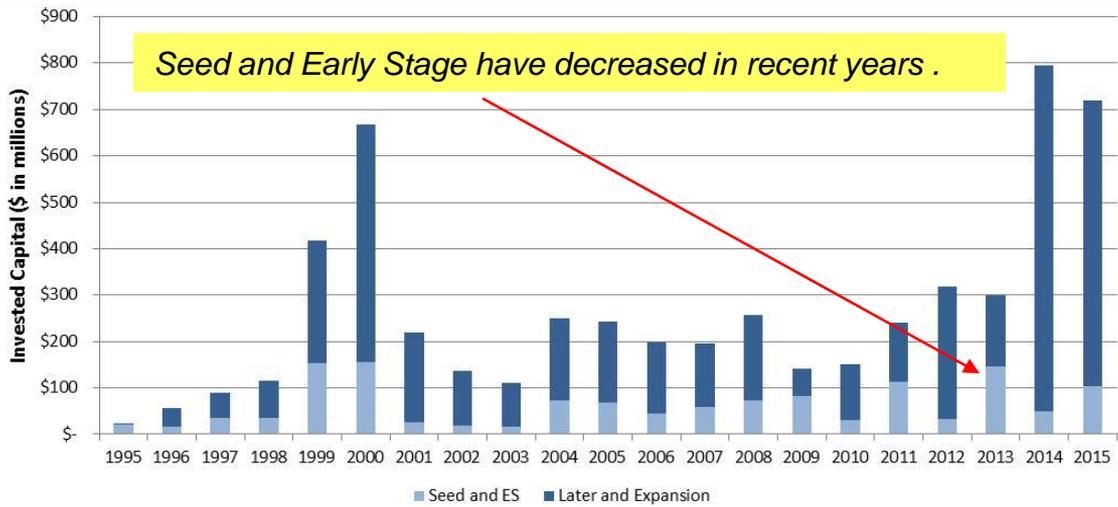
- Audited via “Agreed Upon Procedures”
- Portfolio Performance:
 - ❖ 2.4% net IRR after all costs, including financing (as of 12/31/14)
 - ❖ **3.7% net IRR** after all costs, including financing (as of 12/31/15)
- Economic Development
 - ❖ Assisted with approx. \$35 mm to be deployed into Utah so far

Many introductions were made during the reporting period, Utah Capital was helpful in sharing Utah-based funds and a Utah-based start-up company with non-Utah investors, totaling an estimated \$35 m that could be deployed into Utah. Venture Capital and Private Equity fund managers typically raise funds every 3–5 years and invest in companies opportunistically based on various investing strategies. The \$35 mm modeled after each fund manager's past fund exposure to Utah. The Utah-based start-up company was discovered as a result of a Utah Capital event and led to subsequent capital introductions totaling nearly \$2 m. Investments often take several months (or years) to materialize from introductions.

Utah's VC investments have increased since 2009, driven by large amounts of capital raised by growing companies

- Growing companies raise larger amounts of capital to accelerate growth and jobs
- Four companies from the Utah Capital portfolio that received large investments over the last two years, but were smaller investments years before, are highlighted below

Venture Capital Investments in Utah



Four Companies in UC Portfolio

 <p>Initial investment: 2010</p>	 <p>Initial investment: 2011</p>
 <p>Initial investment: 2012</p>	 <p>Initial investment: 2011</p>

Initial Capital received by Four Companies from Utah Capital's portfolio funds	Total capital received by Four Companies in 2014-2015	Job growth in Four Companies from initial fund investment to Q4 2014
\$11 million	\$672 million	1,700

Source: PWC Moneytree through Q4 2015 and private equity fund managers for job numbers collected in 2015 as part of the 2014 Utah Capital annual reporting process. Numbers reported in aggregate for confidentiality.

▶ Economic Development Plan – the Impact of a *Fund Intro* ...

PELION
VENTURE PARTNERS

About **Team** Sectors Company Deals News Jobs Contact

Blake Modersitzki
Managing Director

I'm fortunate enough to have spent the last decade or so doing what I love best: invest in technology start-ups. But that's not to say my career path has been predictable. Unless, of course, people in my profession typically move sprinkler pipe around an alfalfa field, loft hay bales, and shovel manure.

I should probably explain that I grew up on a farm in Bancroft, Idaho. My father was an old-school entrepreneur and farmer — the kind of guy who knows that if you come in from the fields with clean hands, you're probably doing something wrong.

He may have worn overalls to work, but he had a firmer grip on wheat and grain futures than the traders on Wall Street. And not by accident, either. His father ran a furniture and carpentry startup. And his father's father ran a fleet of fishing vessels on the Baltic Sea in East Prussia. So, needless to say, hard work is something of a family tradition.

As for me, I've spent my entire career in the software business doing everything from sales and marketing to M&A and, eventually, venture investing.





@blakemod



San Francisco Employees' Retirement System
RETIREMENT BOARD MEETING MINUTES

Wednesday, June 10, 2015
1145 Market Street, 6th Floor
San Francisco, CA 94103
1:00 p.m.

.... page 20:

Pelion Ventures VI, L.P.

At its meeting on April 8, 2015, the Retirement Board approved in closed session an investment of up to \$25 million in Pelion Ventures VI, L.P. The investment was approved by the following vote:

Ayes: Bridges, Cohen, Driscoll, Meiberger, Paskin-Jordan, Stansbury
Absent: Makras

SFERS' investment of \$25 million in Pelion Ventures VI, L.P. closed on May 1, 2015.

This investment is classified as a venture capital investment within SFERS' private equity portfolio and



▶ Economic Development – the Impact of an *Event* ...

- Utah Capital invites industry experts and investors to participate
- Industry experts discuss interesting biotech and life science trends, companies, technologies
- Utah-based companies attend, seek advice and investment



▶ Economic Development – the Impact of an *Event* ...



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THURSDAY, SEPT 3



BRET JEPSEN - MANAGING DIRECTOR, UTAH CAPITAL
Attracting Outside Investors

1:00 PM – 1:30 PM

📍 Covey Center [Get Tickets](#) [See Full Schedule](#)

Bret Jepsen was hired in September 2013 to lead the company's investment and economic development strategies. Mr. Jepsen was most recently a principal with the highly successful investment firm Northgate Capital. He has over 13 years of private equity and venture capital experience and was Acting Director of Venture Capital, Small Buyout and Emerging Market investing for the San Francisco Employees' Retirement System (SFERS). While at SFERS, Bret established a portfolio of several top-tier, oversubscribed venture capital funds, served on several advisory boards, and created a secondary program designed to enhance returns by acquiring less-risky, pre-identified private equity assets. Bret has spoken regularly at industry events including the IBF Venture Capital conferences, Merrill Lynch Private Equity CFO Conference, ICBI Super Return China Conference, University Venture Fund SuMit and Silicon Valley SDForum. Prior to his employment with SFERS, Bret worked at Connecticut-based Portfolio Advisors, LLC, where he helped build and monitor private equity programs for various foundations and pensions. Bret also gained direct investment experience while working for Dominion Ventures. Bret received his BA from Brigham Young University and an MBA from Northwestern's Kellogg School of Management, where he co-authored a case study on the private equity secondary industry.







- Jason Werlin / TA (\$5 b fund):
 - ❖ \$187 mm in StorageCraft (Draper)
 - ❖ \$53 mm DigiCert (Lehi)
- Matt Goldstein / Trinity (\$400 mm fund)
 - ❖ ~ \$5 mm Utah-based MasteryConnect (SLC)

▶ Economic Development – the Impact of an *Event* ...



- Company A attends Utah Capital event
- Email introduction from Utah Capital to Zetta led to Seed Round of \$1.5 m and larger Series A



Date	Invested In	Round
Nov, 2015	EventBoard	\$6.5M / Series A
Oct, 2015	FollowAnalytics	\$10M / Series A
Aug, 2015	Domino Data Lab	\$3M / Series A
Mar, 2015	InsideSales.com	\$60.65M / Series D
Mar, 2015	Clearbit	\$2M / Seed
Feb, 2015	FollowAnalytics	\$3.86M / Venture
Jan, 2015	OptiMine Software	\$2.9M / Series C
Oct, 2014	Ender Labs	\$1.5M / Seed
Sep, 2014	EventBoard	\$1.5M / Seed



Overview

Investments
14 Investments in 10 Companies

Exits
No Exits Found in CrunchBase

Headquarters: San Francisco, CA

Funds Raised: \$60M

 Early investor

▶ Utah Capital Team



Bret Jepsen | Managing Director

- Northgate Capital
- San Francisco Employees' Retirement System
- Portfolio Advisors
- MBA Northwestern University, BS Brigham Young University



Richard Pugmire | Managing Director, Pavilion Alternatives Group ¹

- Ford Pension Fund Investment Management
- University Venture Fund
- Harris Investor Services
- MBA, BS Finance (with Honors) University of Utah, CFA



Emma Peterson | Office Manager

- Provo City School District (Resource Teacher, Paraprofessional)
- Klas Enterprises (Editor, Press Releases, Report Summaries)
- BA Brigham Young University

¹ Manages portfolio monitoring, reporting

▶ Board of Directors

Utah Capital Investment Board



David Damschen | Utah State Treasurer

- AmericanWest, US Bank
- B.A., Univ of Washington



Val Hale | Governor's Office of Economic Development

- Utah Valley Chamber of Commerce
- M.S., B.S., BYU



Derek Miller | World Trade Center Utah

- Governor's Chief of Staff
- J.D., M.P.A., B.A. BYU



Pam McComas, CFP | Raymond James

- Washington Wealth Management
- B.S. UCSB



Samuel C. Straight | Ray Quinney & Nebeker

- RQN Hiring Partner & Chair Recruiting Committee
- J.D. Duke University, B.S. Georgetown University

Utah Capital Investment Corporation



Ed Alter | Former Utah State Treasurer

- Utah State Treasurer (28 yrs)
- Utah State Retirement Board
- MBA, B.A. U of U, CPA



Ed Esber | Successful Entrepreneur

- IBM, Texas Instruments, Ashton Tate, Creative Labs
- VisiCorp, Creative Insights, SoloPoint, Motion Computing
- MBA Harvard, M.S Syracuse, B.S. Case Western



Mel Lavitt | Needham & Company

- Jabil Circuit Board (NYSE: JBL ~ \$4b)
- Governor's Office of Economic Development (Chairman)
- A.B. Brown



Bob More | Senior Advisor, Bill & Melinda Gates Foundation

- Global Health Venture Capital
- Alta Partners, Frazier Healthcare, Domain Associates
- Kauffman Fellows Program (Founding Member)
- MBA University of Virginia, B.A. Middlebury College



Scott Peterson | Retired Managing Partner, Ernst & Young

- Ernst & Young (Managing Audit Partner, Pacific Northwest)
- Financial Accounting Standards Board
- Mattson Technology (Audit Committee Chair)
- M.S., B.S. Accounting BYU



Brad Wilson* | President & CEO, Destination Homes

- Utah House of Representatives Budget Vice-Chair
- Utah House of Representatives Assistant Majority Whip
- American Express Financial Advisors
- B.S. Weber State University



Steve Young* | Managing Partner, HGGC

- HGGC
- Sorenson Capital
- San Francisco 49ers
- J.D. College of Law, B.S. BYU

* Non-voting Member of UCIC Board

